

Statement of Chairman Candice S. Miller
Chairman
Subcommittee on Regulatory Affairs
Committee on Government Reform
Washington, DC
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Good morning, ladies and gentlemen.

We are here today to discuss the overall progress of the Environmental Protection Agency in responding to the public's reform nominations that were included in the Office of Management and Budget's 2005 report on *Regulatory Reform of the U.S. Manufacturing Sector*. This is the third in a series of hearings discussing those regulations and policy areas that have an impact on domestic manufacturing.

Manufacturing has been widely acknowledged as a critical component of our economy. Manufacturing creates goods but it also creates progress, innovation, and economic and human prosperity.

And for many years the Government has understood that it does not create jobs; rather the private sector creates jobs. The role of government has been to create an environment that attracts business investments and encourages job creation.

The manufacturing industry has come under attack lately -- by the very Government that it once held together.

Manufacturing in the United States provides employment to 14 million people, produces 13% of GDP, is responsible for 62% of all exports, and accounts for 60% of all industrial research and development spending.

More than any other sector, manufacturers bear the highest share of the cost of regulation. At \$10,175 per employee, domestic manufacturers assume almost twice the average cost for all U.S. industries. Very small manufacturers categorized as those with fewer than 20 employees bear a cost of almost \$22,000 per employee, twice the average for manufacturing overall. The main factor in these dramatic disparities is due to the high compliance costs of environmental regulation. Fully three-fourths of the regulatory costs to very small manufacturers comes from environmental regulations. These small manufacturers account for 75% of all manufacturing firms.

Regulatory compliance costs are the equivalent of a 12% excise tax on manufacturing. Such domestically imposed costs are harming manufacturing and adding 22.4% to the cost of doing business in the United States.

The high cost of regulation, the increase in costs of health care, and the often unwarranted tort litigation have all altered the dynamics of domestic manufacturing. These new

dynamics have hindered the international competitiveness of manufacturers and have constrained the demand for workers in U.S. facilities.

Make no mistake, I am a defender of regulations that protect worker health and safety. I am a defender of regulations that watch over consumers and safeguard our natural resources. I have spent almost 3 decades in public office as a principal advocate of our environment. But, I think the common standard must always be to do what is reasonable.

That is the purpose of our hearing today. I am eager to have a dialogue about how best to improve federal regulations for the benefit of all Americans. In particular, I am hopeful that this hearing will have a positive impact on those regulations highlighted by OMB that are still outstanding. I am extremely troubled by the adverse affect some of these regulations could have on our ability to remain competitive with our key trading partners.

By acting on the 42 nominations from the Environmental Protection Agency, I believe we will be one step closer to reducing the cost and burden on domestic manufacturing firms. The savings created by reducing the regulatory burden on U.S. manufacturers could be redirected into hiring new workers, investing in new equipment, and protecting American jobs.

I know that working together, we can do the right thing for workers and the environment, while leveling the playing field and improving the competitiveness of American manufacturers.